

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-05 COME-00 STR-01

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H-01 INR-07 INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01

RSC-01 AID-05 CIEP-01 SS-15 TAR-01 USIA-06 PRS-01

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DRAFTED BY EB/OT/GCP:DTMORRISON:DI

APPROVED BY EB/ITP - MR. GLITMAN

EB/OT/GCP:DJDUNFORD

EUR/TUR:BHIRSHORN

EUR/RPE:ECASEY (INFO)

AGRICULTURE:BSHARKEY (INFO)

COMMERCE:GBARE (INFO)

STR:LGRAEF (INFO)

TREASURY:JJOHNSON (INFO)

----- 060108

R 062218Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY ANKARA

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, TU

SUBJECT: GOT REQUEST FOR GSP BENEFICIARY STATUS: GLITMAN/
YEGEN MEETING ON FEB. 4

REF: A. ANKARA 758 B. STATE 24079

1. AT REQUEST OF TURKISH CHARGE AYDIN YEGEN, MEETING HELD
WITH DEP. ASST. SECRETARY GLITMAN ON FEB. 4 TO DISCUSS

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TURKEY'S ELIGIBILITY FOR GSP.

2. YEGEN REFERRED TO GOT AIDE MEMOIRE DELIVERED ANKARA ON JAN. 24 (REPORTED REFTEL A) AND TOOK OCCASION TO REINFORCE NUMBER OF SAME POINTS MADE BY GOT TO AMEMBASSY.

3. RE DEVELOPMENT STATUS, YEGEN INSISTED THAT OECD AND UNCTAD GROUP B MEMBERSHIP NOTWITHSTANDING TURKEY CLEARLY A DEVELOPING COUNTRY. IN COMPARATIVE LOOK AT AMONG THE LDC GROUP OF 77 (INCLUDING ARGENTINA, BRAZIL AND YUGOSLAVIA) WHICH WERE MORE DEVELOPED THAN TURKEY.

4. CONCERNING TURKEY'S ASSOCIATION WITH THE EC, YEGEN STRESSED THAT THIS WAS AN ASSOCIATION LEADING TO FULL CUSTOMS UNION, RECOGNIZED AS LEGAL BY GATT AND SUPPORTED ON NUMBER OF OCCASIONS BY U.S. THE ASSOCIATION IN GOT'S VIEW HAS HAD NO ADVERSE EFFECT ON U.S. EXPORTS TO TURKEY.

5. WITH RESPECT TO GSP TREATMENT OF TURKEY BY OTHER DONOR COUNTRIES, YEGEN INDICATED THAT TURKEY RECEIVES GSP BENEFITS FROM JAPAN, CANADA, AUSTRALIA, NEW ZEALAND, AND AUSTRIA. ALSO, YEGEN NOTED "DE FACTO" RECOGNITION OF TURKEY'S ELIGIBILITY FROM EC, WHICH AGREED TO SPECIAL CONCESSIONS TO ASSURE THAT TURKEY WOULD NOT BE ADVERSELY AFFECTED BY EXTENSION OF GSP TO NON-ASSOCIATED DEVELOPING COUNTRIES.

6. YEGEN STATED GOT BELIEF FOR ABOVE REASONS THAT TURKEY SHOULD BE ELIGIBLE FOR BENEFITS OF U.S. GSP AND REQUESTED POSITIVE FINDING TO THIS EFFECT. (YEGEN AWARE OF, IN FACT IN POSSESSION OF, COPY OF JAN. 13 LETTER FROM PRESIDENT TO HOUSE AND SENATE INITIATING CONSULTATIONS ON PLANNED DESIGNATION OF BENEFICIARY COUNTRIES. REF. B.)

7. GLITMAN NOTED THAT FINAL LANGUAGE OF TRADE ACT LIMITS U.S. FLEXIBILITY IN NUMBER OF AREAS AND LEAVES OTHER ISSUES OPEN TO DETERMINATIONS BY EXECUTIVE BRANCH AGENCIES CONCERNED WITH IMPLEMENTATION OF GSP. ONE SUCH ISSUE IS DEFINITION OF DEVELOPMENT STATUS ON WHICH NO DECISION YET REACHED WITH RESPECT TO TURKEY OR NUMBER OF MEDITERRANEAN AND OTHER COUNTRIES. MORE IMPORTANT SUBSTANTIVE ISSUE IN LIMITED OFFICIAL USE

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CASE OF TURKEY IS PREFERENTIAL TREATMENT ACCORDED EC. TRADE ACT MAKES NO DISTINCTION BETWEEN PREFERENCES WHICH ARE FOUND CONSISTENT WITH GATT AND THOSE WHICH ARE NOT. QUESTION OF ELIGIBILITY RAISED BY SECTION 502(B)3 HINGES ON WHETHER OR NOT PREFERENCES HAVE OR LIKELY TO HAVE SIGNIFICANT ADVERSE EFFECT ON U.S. COMMERCE. USG IS CURRENTLY IN PROCESS OF ANALYZING IMPACT OF PREFERENCES GIVEN TO DEVELOPED COUNTRIES BY POTENTIAL BENEFICIARY

COUNTRIES. U.S. IS AWARE OF FAVORABLE BILATERAL TRADE BALANCE WITH TURKEY BUT NEEDS ALSO TO CONSIDER OPPORTUNITY COSTS (I.E., HOW MUCH LARGER WOULD U.S. EXPORTS HAVE BEEN IF NOT FOR THE PREFERENCES GRANTED TO EC).

8. WITH RESPECT TO PRESIDENT'S LETTER TO CONGRESS, GLITMAN MADE POINTS CONTAINED IN REF. B AND NOTED USG IS ACTIVELY ENGAGED IN PROCESS OF DETERMINING DEVELOPMENT AND OTHER CRITERIA WHICH LEAVE ELIGIBILITY STATUS OF SOME COUNTRIES (INCLUDING TURKEY AND OTHERS ON LIST "B") UNCERTAIN.

9. RE PREFERENCES GRANTED TO EC, IF SIGNIFICANT ADVERSE TRADE EFFECT FOUND, COUNTRIES SEEKING TO MEET SECTION 502(B)3 REQUIREMENTS WOULD HAVE TO GIVE APPROPRIATE ASSURANCES THAT THEY WOULD TAKE STEPS PRIOR TO JAN. 1, 1976 TO ELIMINATE SUCH EFFECT. IN THIS SITUATION, MOST APPROPRIATE PROCEDURE WOULD SEEM TO BE TRANSMITTAL OF NOTE STATING PREPAREDNESS TO ENTER INTO

CONSULTATIONS WITH USG TO REACH AGREEMENT ON MEASURES NEEDED PRIOR TO JAN. 1 1976 TO MEET THE REQUIREMENTS OF THE TRADE ACT. ASSURANCES WOULD HAVE TO BE SUPPORTED BY SPECIFICS OF HOW SIGNIFICANT ADVERSE EFFECTS ON U.S. COMMERCE WOULD BE OFFSET. ALTHOUGH USG IS STILL PROCEEDING WITH GENERAL REVIEW OF DEVELOPMENT STATUS QUESTION, PREFERENCES AND OTHER CRITERIA AFFECTING ELIGIBILITY STATUS OF "B" LIST COUNTRIES, THERE IS NO BAR TO ANY OF THESE COUNTRIES STARTING THE PROCESS OF MEETING SECTION 502(B)3 REQUIREMENTS. IN FACT, ONE COUNTRY ALREADY HAS DECIDED TO DO SO IN ORDER SPEED UP PROCESS.

10. GLITMAN POINTED OUT THAT ITC PRODUCT REVIEW IS EXPECTED TO TAKE FULL SIX MONTHS ALLOWED UNDER THE LIMITED OFFICIAL USE

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TRADE ACT. ACCORDINGLY, WE ARE ANXIOUS TO REACH AGREEMENT ON INTERPRETATION OF COUNTRY ELIGIBILITY CRITERIA SO THAT ITC REVIEW COULD START AND GSP COULD BE IMPLEMENTED SOMETIME THIS SUMMER. HE OFFERED TO KEEP GOT INFORMED OF DEVELOPMENTS HAVING BEARING ON TURKEY'S ELIGIBILITY. KISSINGER

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